

**IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF DELAWARE**

KENEXA TECHNOLOGY, INC.,)	
A Pennsylvania corporation,)	
)	
Plaintiff,)	
)	
v.)	C.A. No. 07-27-GMS
)	
BLUELINX CORPORATION,)	JURY TRIAL DEMANDED
A Georgia corporation,)	
)	
Defendant.)	

JOINT STATUS REPORT

Plaintiff Kenexa Technology, Inc. (“Kenexa”) filed the Complaint on January 12, 2007. On February 20, 2007, defendant BlueLinx Corporation (“BlueLinx”) filed an Answer and Counterclaim. On March 12, 2007, Kenexa filed a Reply to the Counterclaim. On April 9, 2007, Kenexa filed a Motion to Amend the Complaint asserting additional claims against BlueLinx and two new individual defendants. Counsel for Kenexa and BlueLinx have conferred about each of the following matters.

1. **Jurisdiction and Service** – The Court has subject matter jurisdiction over the action as originally filed. BlueLinx disputes that subject matter jurisdiction exists as to the claims recently brought against the two new individual defendants. Kenexa has not attempted service on the two new individual defendants because the Court has not yet ruled on Kenexa’s Motion to Amend. BlueLinx disputes that the two new individual defendants are subject to personal jurisdiction in this Court.

2. **Substance of the Action** – Essentially, this is a breach of contract action between Kenexa and BlueLinx. BlueLinx hired Kenexa to provide employment outsourcing services. Kenexa claims BlueLinx breached the contract by terminating

Kenexa and otherwise failing to pay for services. BlueLinx denies that it breached the agreement and, in its counterclaim, asserts that Kenexa breached the contract by failing to properly perform its obligations under the contract. After BlueLinx terminated the contract, BlueLinx hired two former Kenexa employees, which forms the basis for the additional claims Kenexa seeks to add in the proposed amended complaint.

3. **Identification of Issues** – At this stage of the case, all material issues remain in dispute. However, the parties agree there was a contract and that BlueLinx subsequently hired two of Kenexa's former employees.

4. **Narrowing of issues** – The issues cannot be narrowed by agreement at this time. The parties will make a good faith effort to do so as the case progresses.

5. **Relief** – The Kenexa/BlueLinx contract had a 5 year term and required BlueLinx to pay \$377,852 per quarter in the first year of the contract and \$594,734 per quarter in years 2 through 5. Kenexa, *inter alia*, seeks to recoup those sums and seeks injunctive relief in its proposed amended complaint. BlueLinx disputes the aforementioned amounts, and by its counterclaim, seeks actual damages, including, but not limited to, lost profits, the cost of replacement services, lost opportunities, harm to reputation, and legal fees and costs.

6. **Amended Pleadings** - Pending before the Court is Kenexa's Motion to Amend the Complaint, which was filed on April 9, 2007. By its Motion, Kenexa seeks leave to add two former employees of Kenexa to the case as defendants and assert additional claims against BlueLinx for intentional interference with contractual relations, breach of contract, and misappropriation of trade secrets. BlueLinx opposes the Motion and briefing has not been completed.

7. **Joinder of Parties** – See #6 above.
8. **Discovery** – The parties anticipate the exchange of written discovery and the taking of depositions. The scope of that discovery is not known at this time.
9. **Estimated Trial Length** – The parties anticipate a 3 to 5 day trial.
10. **Jury Trial** – Jury trial has been demanded.
11. **Settlement** – The parties have conducted preliminary settlement discussions and would be amenable to the Magistrate Judge's involvement in connection with dispute resolution.

SEITZ, VAN OGTROP & GREEN, P.A. POTTER ANDERSON & CORROON LLP

Kevin Guerke
By: /s/ Kevin A. Guerke
R. Karl Hill (#2747)
Kevin A. Guerke (#4096)
222 Delaware Avenue, Suite 1500
P. O. Box 68
Wilmington, DE 19899
(302) 888-0600
khill@svglaw.com
kguerke@svglaw.com

Attorneys for Plaintiff

Dated: April 17, 2007

Kevin Guerke with permission
By: /s/ David E. Moore
Donald J. Wolfe, Jr. (#285)
Philip A. Rovner (#3215)
David E. Moore (#3983)
Hercules Plaza
P. O. Box 951
Wilmington, Delaware 19899
(302) 984-6000
dwolfe@potteranderson.com
provner@potteranderson.com
dmoore@potteranderson.com

Attorneys for Defendant

CERTIFICATE OF SERVICE

I, *Kevin A. Guerke*, Esquire, hereby certify that on this 17th day of April, 2007, the attached document was electronically filed with the Clerk of the Court using CM/ECF and was electronically mailed to the following counsel:

Donald J. Wolfe, Jr.
Philip A. Rovner
David E. Moore
Potter, Anderson & Corroon LLP
Hercules Plaza
P.O. Box 951
Wilmington, DE 19899
dwolfe@potteranderson.com
provner@potteranderson.com
dmoore@potteranderson.com

Kevin A. Guerke
/s/ *Kevin A. Guerke*

R. Karl Hill, Esquire (Bar No. 2747)
Kevin A. Guerke, Esquire (Bar No. 4096)
SEITZ VAN OGTROP & GREEN, P.A.
222 Delaware Avenue, Suite 1500
P.O. Box 68
Wilmington, DE 19899
(302) 888-0600
khill@syglaw.com